

Japan after world war ii assignment

[History](#)



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Japan's development after the Second World War. 1. The real situation after World War After the World War II ended, Japan was one of the defeated countries. She was left with a lot of damages, especially the two cities Hiroshima and Nagasaki which suffered serious atomic bombing. Severe food shortages were common; the economy was almost totally paralyzed from wartime destruction, rampant black marketeering and runaway inflation; few Japanese had any money but there really wasn't anything to buy anyway.

Besides, as soldiers and civilians returned home from war fronts and former colonies, unemployment became a serious problem. To cope with output collapse and unemployment, the Japanese government printed money to finance subsidies while trying to control prices. Actually, this strategy could not be successful in long term. Monetization of fiscal deficits created triple-digit inflation from 1946 to 1949. Black market inflation was even higher, especially in the early period.

This was the highest inflation that Japan ever experienced, before or after. In the picture, the red light shows the stock of Bank of Japan notes in circulation; the blue line shows the Tokyo retail price index (the average of 1934-36 = 1. 0). This picture can effectively illustrates the inflation in Japan after the War. In the following table can be found the percentages of lost physical assets in Japan between 1935 and 1945

Type of capital	Loss
Total capital stock	25%
Military planes and ships	100%
Commercial ships	81%
Industrial machines	34%
Urban housing	33%
Buildings and structure	25%
Telegraph, telephone, water supply	16%
Electricity and gas supply	11%
Railroad and other land transportation	

10% | Although the majority of machinery stock remained usable after heavy acid rains, the surviving factories and railroads were inoperative due to the lack of inputs and energy as Japan almost had no natural resources and depended on foreign country to get gas and petrol.

As a result, the output of this country after the War collapsed to only 20% of the wartime peak, or 30% of the prewar peak (1934-1936). 2. The recovery and miraculous development of Japan Despite the terrible damages left after the War, thanks to very effective industry policies, Japan quickly recovered and showed a miraculous economic development, then became one of the biggest economies in the world. The recovery and development of Japan can be shown in: + The growth rate of GDP + The increase in GDP per capita + The share of Japanese exports in the world exports The growth rate of GDP After the War, Japan was lack of almost all the resources including food, clothes, pure water, and especially the inputs for the production.

As a result, 80% of the production capacity of the Japanese economy was lost. Therefore, the first priority of the government is to increase production capacity in order to feed large population. In 1946, the government announced the Priority Production System (PPS) to reconstruct the Japanese industry. Thanks to the suitable interventions of the Government in the right time, the Japanese economy started to show sign of strong recovery, and continued double digit growth rate until the Nixon Shock in 1971 [pic] Japan experienced the biggest economic growth rate than ever before only 3 years from the end of the war. Even until now, few countries can reach such high rate of growth. This rate raised around 20% by 1948 and up to more than 25% in 1950. [pic] Korean War can be a reason to explain such breakthrough <https://assignbuster.com/japan-after-world-war-ii-assignment/>

of Japanese economy. In the period 1949-1951, by supplying weapons to US, the Japanese exports tripled, and the production increased by 70% in the same period. Increase in GDP per capita The table below shows GDP and per capita GDP of selected OECD countries since 1950. As the table shows, in 1950, the GDP per capita of Japan was less than seven percent of that of the United States. But, the speed of catch-up was remarkable, and the Japanese per capita income has exceeded that of the United States since 1990

YEAR	JAPAN GDP	JAPAN GDP PER CAPITA	USA GDP	USA GDP PER CAPITA
	Unit (billion US\$)	Unit (US\$)		
1950	3.8	100.0	13.1	8.1
1960	80.5	100.0	38.2	24.7
1970	200.0	100.0	48.7	45.7
1980	380.9	100.0	61.4	61.4
1990	52.6	100.0	17.1	26.7
2000	48.5	100.0	14.7	19.1

The share of Japanese exports to the world exports Japan is a small country which almost has no natural resources.

As a result, this country has no other choice rather than to import a large amount of food, energy, and raw materials to support its population as well as the domestic production. In order to earn foreign exchange to pay for imports, Japan has to export a large amount of goods, mostly manufactured goods. After the World War II, Japanese export was nearly zero while it had to import a lot of food to feed the population and the production was lack of raw materials and energy. In this period, the Japanese government focused a lot on the exports of manufacturing goods. After a lot of great efforts from Japanese government and citizens, the exports of Japan recovered quickly and reached nearly 10% in the middle of 1980s. [pic]